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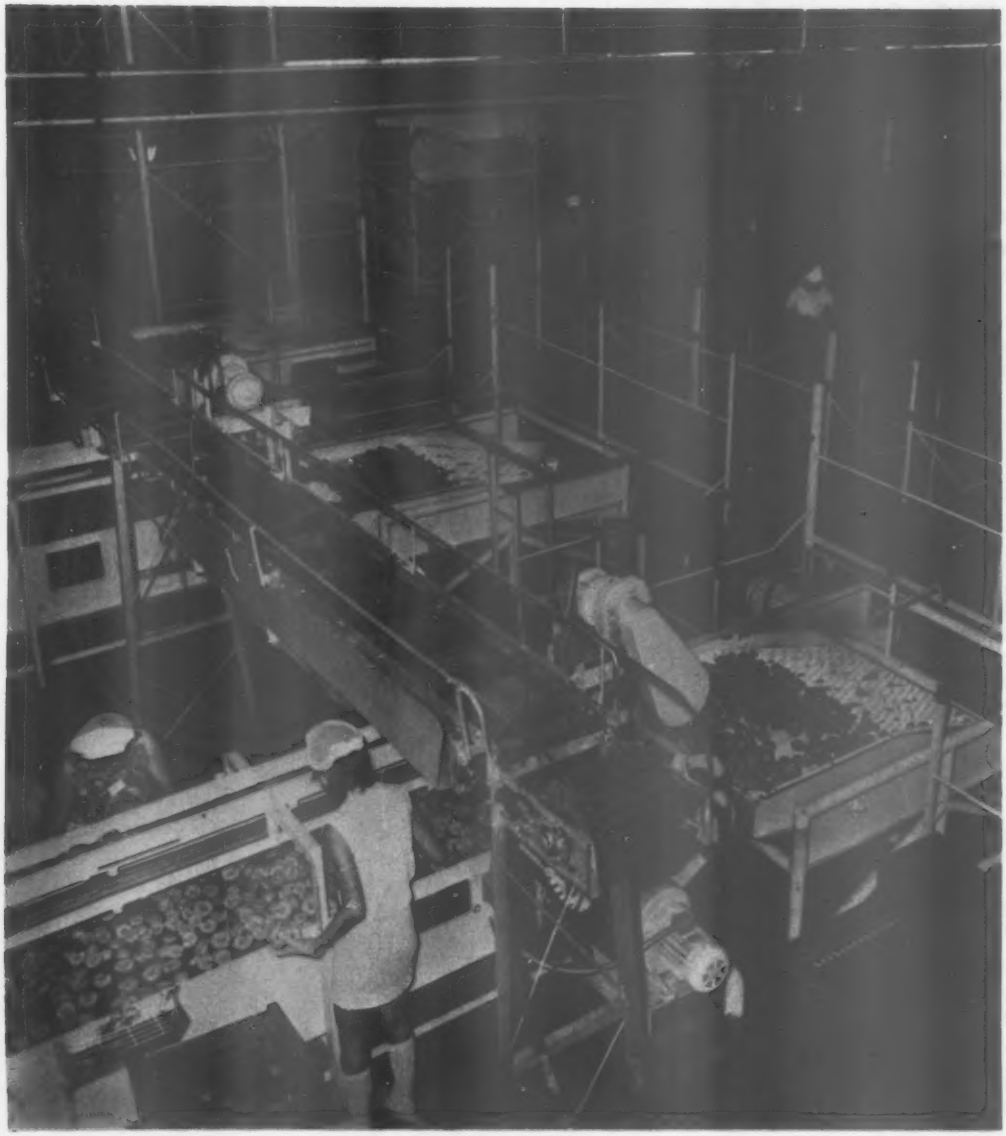

April 15, 1974

Central American Beef Exports Resume

EC Grain Sufficiency

Foreign Agricultural Service
U.S. DEPARTMENT OF AGRICULTURE

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This week's cover:

Sliced peaches are canned at a factory in one of Australia's fruit-growing districts. The impact of Australian canned peaches on the Canadian market merited special discussion at recent hearings on Canada's tariff structure in Ottawa. See article beginning on page 5.

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Central American Beef Output Recovers, Exports Resume

By SUZANNE EARLY
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BEEF PRODUCTION in Central America could speed up this year, but meat exports—which move principally to the United States—are not expected to gain much. Most governments have taken no action to increase beef export quotas—many of which were cut back last year to relieve high meat prices and shortages.

Normal rainfall in all of Central America last season has provided good pastures for this year's grazing. This contrasts markedly with last year, when the lag effect of severe droughts along the western coast in 1972 reduced carcass weights and increased cullings. This year's higher beef output is expected to come almost entirely from heavier carcass weights, since slaughter is not expected to change much from the high 1973 levels.

Attractive U.S. prices for boneless beef caused a 43 percent increase in beef entries from Central America in the first half of 1973. In many countries, prices climbed to alltime highs and domestic shortages were created by the burden of heavy exports, combined with drought-reduced output.

Consumer complaints about high prices and shortages, especially in view of upcoming 1974 Presidential elections, forced many governments to limit exports and adopt policies to provide more beef for domestic consumption. As a result, live cattle and beef prices moderated in last-half 1973, owing mainly to smaller purchases by export plants because of reduced export quotas and seasonal increases in beef production at the end of the rainy season in September.

In 1974, shipments of boneless beef from Central America (including the Dominican Republic and Haiti) to the United States could total 220 million pounds, slightly more than the 217 million pounds exported in 1973. Total production in the area is expected to rise about 5 percent in 1974 to 775 million pounds. This will boost domestic availability somewhat, in keeping with current government policies. The situation varies, however, in individual countries.

Guatemala. Consumer pressures in 1973 caused beef export quotas, initially set at 40 million pounds, to be cut back to 36 million pounds in early August.

Although live cattle prices dropped during the latter months of 1973, no actions were taken to increase the quota, so that the outlook for this year is for exports to remain at about 36 million pounds boneless. Slaughter could rise slightly from 1973 levels, but weights are likely to be about the same, bolstering domestic availability a little.

Three Guatemalan export plants currently ship beef to the United States. Although a fourth plant has been approved as eligible to export, it has received no quota from the Guatemalan Government.

A law enacted in March 1972 gives a base quota—reportedly 40 million pounds—to the three existing exporters. Any increases in the quota are to be divided equally between these three plants and any new ones, giving new plants a relatively small proportion of the quota.

NEW LEGISLATION has been proposed to change this law, but the three exporting plants have expressed opposition. The new legislation would also put the obligation of providing beef for local consumption on the cattlemen. Each cattleman would have an export quota based on the number of cattle sold for domestic consumption. The amount of meat needed to meet consumption needs is slated to be reviewed every 3 months, and the export ratio adjusted. The proposal also includes a two-price system —a domestic and an export price.

In late 1973, export plants paid 24 U.S. cents per pound for average-weight, 900-pound animals on farms. Five months previously the price was 23 cents a pound, with the high for the

Brahman cattle are herded into pens on Nicaraguan ranch, above. Nicaragua has improved herds less than most Central American countries—some 40 percent are native or criollo breeds. Beef is cut and packaged, left, in Guatemala, where consumer pressures caused beef export quotas to be cut back last year. Imported Brown Swiss bulls in quarantine pen in Comayagua, Honduras, below, will help to upgrade herds there.

year at 26 cents. Guatemalan cattlemen believe that their prices are kept low by the three export packing plants.

Last year, the Government froze the price that slaughterhouses could charge for meat for domestic consumption. The price to butchers was 40 cents per pound on a carcass-weight basis. The butchers, in turn, set prices for each cut ranging from 29 cents per pound for stewing beef to $1.20 for tenderloin.

Thus, export packers, who had previously been selling carcass beef on the domestic market for 48-52 cents per pound, were forced to take a loss. The Government felt that the exporters could more easily afford this burden, since profits on export sales would more than cancel their losses.

Honduras. Boneless beef exports to the United States could total some 42 million pounds in 1974. Although 1974 slaughter is likely to fall below 1973 levels, weights could be higher because of more favorable pasture conditions.

In contrast with other Central American countries, prices of live cattle for export rose substantially in late 1973. Steers that sold for 13-16 cents a pound last August were selling for 17-25 cents a pound in early November.

Two years of drought, 1971 and 1972, lowered average slaughter weights of marketed cattle, although weights are beginning to recover. The average weight of cattle slaughtered for export in October 1973 was about 760 pounds, compared with 658 pounds at the start of the rainy season the previous May and 672 pounds the previous October. But weights are not expected to return to predrought levels until after this year's rainy season.

The Honduran Government has an agreement with export plants that all cows slaughtered will be for domestic consumption. In June 1973, the Government further required that export plants supply 10 percent of their beef production for local consumption. Mostly offals were supplied. This requirement was dropped in September, but plants continue to supply a percentage for domestic use as a goodwill gesture.

El Salvador. About 12 million pounds of boneless beef could be exported to the United States in 1974. Both slaughter and average carcass weights are expected to be higher this year.

El Salvador's two export plants stopped slaughtering in mid-September 1973 when the Government reduced the

export quota to 7.5 million pounds—a reduction of 4.5 million pounds. But a buildup of cattle in feedlots and little moderation of prices during the export ban caused the decision to be reversed on November 13.

The quota was reestablished, however, on the basis of number of head slaughtered, rather than on total weight, which could provide an incentive to slaughter heavier weight animals. Since the two export plants tend to set the sales price for all good cattle in the country, a general effort to upgrade cattle should result and demand for U.S. breeding cattle could rise. While the preferred breed is Brahman, interest in Charolais and Angus is growing.

UNDER THE NEW quota system, the Government authorized the slaughter of 7,000 head for the remainder of 1973, requiring that minimum slaughter weight for upgraded animals be 800 pounds and for native criollo animals 700 pounds. As a result, boneless beef exports to the United States probably reached 9.4 million pounds in 1973.

For domestic marketing, a Government proposal that export plants provide 25 percent of their slaughter to domestic markets has been modified so that a given number of live cattle will be made available to the "ladies of the market" (señoras del mercado). These ladies play a major role in beef marketing in El Salvador. Every day, each señora brings about five head of cattle to her local butcher, has the animals slaughtered, and markets the beef herself throughout the day.

El Salvador's 12 to 15 feedlots operate mainly during the dry season to provide supplemental feeding. However, one feedlot, operated by one of the export plants, hopes to be feeding 12,000 head within 2 years and turning them over four times a year. Sorghum, milo, cottonseed meal, urea, and molasses will be used in rations. Although some interest in grain feeding is expressed, producers are unsure that profit ratios will be high enough to compensate them.

Most progressive ranchers use African Star grass for pasture. This has a high protein content that lasts only about 24 days, after which the grass is good only for roughage. Grass-fattened steers are usually slaughtered at about 2 years of age.

El Salvador's meat exports to the United States have had a high rejection rate—approaching 30 percent—during the past 2 years because of pesticide residues. Some animals bought for slaughter by export plants are grazed on cotton stubble and corn stalks, often sprayed with insecticides. If farmers could be encouraged to spray their crops with phosphate-based pesticides instead of chlorinated hydrocarbons, the problem could be eliminated.

Costa Rica. In spite of an export ban that extended through most of October and November last year, Costa Rican boneless beef exports to the United States totaled about 52 million pounds in 1973. Export sales of beef to countries other than the United States also rose in the last half of 1973.

For 1974, exports are expected to remain at about last year's level, since a carryover of cattle intended for slaughter last year could increase this year's output. Carcass weights are likely to rise somewhat in 1974 because of adequate rainfall and pasture, but will probably not reach the highs of 1972.

Costa Rica's beef export ban was imposed to ensure adequate domestic beef supplies until new meat marketing legislation was enacted. Passed November 20, the new law provides for domestic beef quotas, which will be reviewed periodically.

Although cattlemen will be required to state their marketing plans at intervals, actual quotas will be met by the slaughterhouses. Therefore, export plants will be allowed to slaughter for domestic consumption for the first time. All cows and a percentage of steers slaughtered will be for domestic use.

Under a transitional arrangement that began July 1, 1973, and lasted until the new bill was enacted, 44 percent of liveweight slaughter was allocated for local consumption, 53 percent for export, and the remaining 3 percent held in storage. The stored beef was held by the Government supply agency, which under the new law will be responsible for administering and allocating the domestic beef quota.

In the past, 15-20 percent of steers and all cows slaughtered were for local consumption. Last year, under the transitional arrangement, unlimited cow slaughter was allowed to meet domestic meat needs. Prior to November 13 when this was discontinued, there was a rash of cow marketings as producers tried to save their steers and bulls for export.

Because of high domestic beef prices last year, the Government fixed maximum prices for certain popular cuts of meat, such as soup bones and offal. As a result, the supply of soup bones and offal at supermarkets was depleted, although intermediate and higher-priced cuts were plentiful.

Nicaragua. Exports of boneless beef to the United States in 1974 are likely to equal 1973's exports—55 million pounds—and slaughter in 1974 is expected to be unchanged from 1973 levels. Carcass weights could be a little heavier, however, due to good pasture conditions and more normal cow slaughter.

Nicaragua, like Honduras, suffered from severe drought in 1971 and 1972. The effect of the drought was to lower carcass weights and increase slaughter, especially of cows, in 1973. More normal rainfall last year improved pastures, and carcass weights could recover to normal levels in late 1974.

To date, Nicaragua has been the only Central American country not to adopt policies for increasing domestic supplies of beef or restricting exports. Export slaughterhouses claim they have an unwritten agreement whereby half of all cattle slaughtered are killed by local abattoirs. In addition, about 10 percent of export plants' output is for local consumption.

PROGRAMS TO IMPROVE native breed cattle are less advanced in Nicaragua than most other Central American countries, possibly excepting Honduras. An estimated 40 percent of cattle are still of the criollo or native type. Most neighboring countries began introducing European beef breeds about 25 years ago, while in Nicaragua they have been in use only about 15 years.

Still, Nicaraguans have the highest level of per capita beef consumption in Central America—about 30 pounds per person. In 1973, domestic consumption could total 64 million pounds, about 3 million above 1973.

Nicaraguan cattlemen have little interest in feedlotting. One slaughter plant has a holding operation where cattle are fed to maintain weights during the dry season. But most export packers feel that feedlots are too expensive and prefer to irrigate to improve pasture yields.

Canada Studies Horticultural Import Duties

By MARGARET MASON
Fruit and Vegetable Division
Foreign Agricultural Service

CANADA'S TARIFF BOARD recently completed 3 weeks of hearings to help determine whether present import custom duties provide adequate protection for domestic fresh and processed fruit and vegetables industries. Many different points of view—presented by representatives of producing, processing, and consuming organizations, as well as Government officials and importers —must be considered before any new Government policies are formulated and enacted. The Canadian Government's decisions are expected to be announced next year.

Of the 112 fruit and vegetable items under review, the United States is principal supplier of 89—including citrus juices and fresh oranges, apples, pears, and peaches, as well as a host of other fresh and processed items. In fact, Canada is by far the largest single export market for U.S. fresh and processed fruits and vegetables, generally accounting for about 40 percent of total U.S. horticultural exports.

In fiscal 1973, the United States exported US$333.3 million worth of horticultural products to Canada. One year earlier they were valued at $280.3 million.

U.S. industry representatives who appeared before the Board were spokesmen for the Florida Citrus Commission and the California Grape and Tree Fruit League. A number of U.S. industries also submitted briefs to the Board.

The Canadian Tariff Board hearings, held in Ottawa from January 29-February 15, 1974, were ordered by the Minister of Finance in July 1973. The Minister's directive to the Board stated that "as a result of rising prices, the specific rate of duty applicable to many of these products has been affording growers and processors [with] a diminishing level of protection against imports." The Board was also reminded to take into account the general interests of Canadian consumers.

Proceedings during the 3 weeks of hearings were roughly divided under as many basic topics. The first week provided the general background of the Canadian horticultural industry—its organization and importance, trends, problems, and prospects. The second week covered the major tariff proposals and issues. These included a variable-levy system suggested by the National Farmers' Union (NFU) and an automatic surtax mechanism forwarded by the Canadian Horticultural Council (CHC). The last week involved discussions of individual commodity items.

Stressed at the hearings was what some witnesses described as the "precarious position" of many segments of the Canadian horticultural industry. They pointed out that approximately 40 percent of the food consumed by Canadians comes from the horticultural sector, but that the ratio of self-sufficiency of most fruits and vegetables has been declining steadily in the past decade. While consumption has been rising, production has remained relatively stable. Based on both economic and social considerations, CHC contended that the decline has been detrimental to Canadian producer interests.

To arrest downward trends in acreage and market position, Canadian producers are seeking what they call "adequate protection" during the Canadian growing season. This term is generally interpreted by the CHC as being a 20-percent duty on inseason products and extended seasonal periods. It was further suggested that if these proposals were accepted, offseason duties be eliminated or reduced. Most horticultural imports presently enter Canada during the Canadian offseason.

Another industry group, Canadian Food Processors (CFP), concerned with Canada's rising level of imports and the deteriorating market position, proposed that separate tariffs be set for fresh products imported for direct consumption and those for processing. CFP suggested a 10-percent duty on products for processing. For most processed items—dried fruits, soup, frozen vegetables, and vegetable juices, for example—there was no major duty change proposed. Of all processed items, suggested duty rates—at 20 percent—were the highest for canned fruits. Australian canned peaches were singled out as one product that complicated the sales problems of the packing industry.

Excessive price fluctuations were among the greatest concerns of the Canadian industry. Extensive supply variations by both domestic and foreign producers—with resultant broad price ranges—have seriously disrupted the market and threaten the viability of smaller producers, according to industry spokesmen.

Tariff proposals were aimed at minimizing price uncertainties. Suggested duty rates, consequently, are specific rates, but with an ad valorem floor. The revision in the surtax mechanism was also designed to stabilize prices. Under the system proposed by CHC, a surtax would automatically be imposed on any item whose price fell 10 percent below a moving 3-year average. On the other hand, when the price is double the 3-year-average triggering level plus duty, no duty would be levied. While the processors did not support this proposal, they stressed the necessity of applying the surtax to all related processing items when applied to the fresh product, and for longer periods.

REQUESTS FOR GREATER protection for Canadian producers stem from a number of comparative disadvantages the Canadians have compared with their foreign competitors. Climate is one. Colder northern temperatures result in later and shorter Canadian seasons, lower yields, and fewer crops per year.

Because of the later harvests, Canadian producers claim that their products frequently hit the market soon after similar U.S. products have reached Canada and prices are no longer at their highest seasonal level. Thus Canadian growers contend that their prices are set in the United States, not Canada. They believe the closely integrated nature of the North American market necessitates longer seasonal tariff periods for products entering Canada.

The Canadians also declared that economies of scale is another factor working against the Canadian processing industry. Not only are grower and processing unit costs appreciably higher in Canada than in the United States, but—because of the smaller and less concentrated nature of the Canadian market—distribution costs are also greater. It was suggested that raising

Continued on page 11

West German Study Sees European Community Grain Sufficiency Soon

By DONALD M. PHILLIPS, JR.
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Editor's Note: All projections relating to grain production and consumption are subject to change. It is already evident that consumption of grain in the European Community is growing faster than forecast earlier. And will the Community continue indefinitely its existing policy of high support prices and variable levies on grain? This article summarizes a recent effort to appraise grain needs in the Community.

THE EUROPEAN COMMUNITY (EC) is achieving self-sufficiency in grain well ahead of expectations, according to a recent West German study.

The Community's fast-dwindling requirements for imported grain thus raise far-reaching supply-demand questions for the United States as well as for all major grain-producing countries.

Prof. F. Uhlmann, of the West German Institute of Agricultural Marketing Research, calculates that net imports of the six original EC members (Belgium, France, Italy, Luxembourg, Netherlands, and West Germany) will reach zero within a few years.

And the complete EC membership (Denmark, Ireland, and the United Kingdom became EC members in 1973) is likely to attain self-sufficiency in grain by 1985.

The Uhlmann position is outlined in an article published in "The Agricultural Economy," a West German professional journal. It is one of several contemporary studies relating to future grain supply and demand in the EC. All of the current projections suggest sharp reductions in EC grain imports over the next 10 years.

In addition to the Uhlmann forecast of self-sufficiency in grains by 1985, a projection prepared by the U.S. Department of Agriculture's Economic Research Service (ERS) indicates grain imports by the EC will drop to about 1.3 million metric tons in 1985. And a 1971 Michigan State University (MSU) study estimates that EC net imports of grain will amount to only 1 million tons as early as 1980.

All of these projections involve prospective declines that have deep significance for the future development of U.S. agricultural export trade.

The Community's prospective self-sufficiency in grains could quite possibly give rise to strong competitive pressures in world grain trade, both among grain-exporting nations as well as between the Community and grain-exporting areas of the world.

While the EC probably will continue to import some high-quality U.S. wheat as well as large quantities of corn, an overall sharp decline in U.S. grain exports to the Community seems inevitable, given the continuation of existing policies.

U.S. grain exports to the EC in 1972-73 were valued at more than $900 million, and included about 2.7 million tons of wheat valued at nearly $175 million and 10.6 million tons of feedgrains valued at more than $680 million.

During the first 7 months of fiscal 1974, exports of U.S. grain—chiefly corn—to the Community have totaled 7.1 million tons to the six original EC members and 8.1 million tons to the complete membership of nine. Some part of this volume may have been transshipped to destinations outside the EC.

The Uhlmann projections basically are an updating of a 1969 study by Professors E. Bittermann and H. E. Buchholz. This earlier study covered only the six original EC members. It forecast a rise in overall grain self-sufficiency of from 85 percent in the mid-1960's to 95 percent in 1980. But as is the case with most of the similar projections prepared in the 1960's, the Bittermann-Buchholz study did not anticipate the strong surge in grain production experienced in the EC.

The six original EC members are today already more than 95 percent self-sufficient in grain. And their net grain imports already have fallen well below the 4.5 million tons projected for 1980 by Bittermann and Buchholz.

Total EC production of grains probably will reach 125 million tons in 1985, according to Prof. Uhlmann. This figure is 34 percent above the 1969-71 average.

Consumption of grains, on the other hand, is expected to increase by only 17 percent in the same period.

As a result, net grain imports by the entire EC membership probably will plummet from 16.6 million tons to 1.6 million tons, raising the EC self-sufficiency ratio from about 85 percent to 99 percent.

In contrast to the Bittermann-Buchholz conclusions, Prof. Uhlmann predicts the six original EC members will attain virtual self-sufficiency in grains by 1975, and will become net exporters of nearly 4 million tons annually by 1985.

The Community as a whole, however, probably will continue to be a net importer of grains until 1985, largely because of U.K. grain import needs.

IN ADDITION to estimating probable levels of grain production for 1975, 1980, and 1985, Prof. Uhlmann also calculates trend values, and estimates maximum levels of land areas, yields, and production for this period. A time series of 1955-71 is used for the computation of trends.

Prof. Uhlmann's projected increase in EC grain production is based entirely on anticipated higher yields. By 1985, the total EC area likely to be sown in grain is projected at about 66 million acres, slightly below the 1973 area.

Grain area is expected to increase slightly through 1975—and then to decline as more and more farmland is taken over for nonfarm use. Total agricultural land area by 1985 probably will be about 6 million acres less than was available in 1970. (All Uhlmann references to year 1970 refer to the average of 1969 through 1971.)

The decline in arable land is expected to be even greater. However, it should be noted that grain's share of the total area increases during this period.

A large decrease in the total Italian grain area is predicted. By 1985, this acreage probably will be 25 percent below the 1970 figure, thus extending a long-term trend. Land use, particularly in southern Italy, is expected to shift toward special or permanent crops (e.g., vegetables, fruits, and other horticultural produce) and to extensive permanent pasture areas.

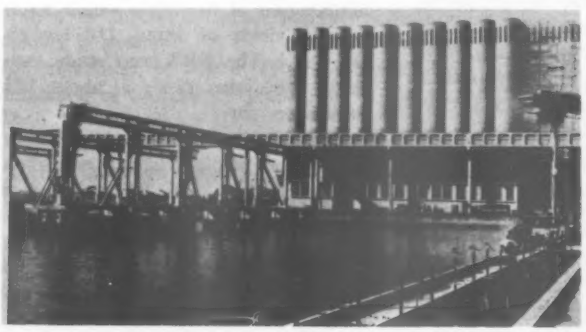
Grain areas in Belgium-Luxembourg and in the Netherlands also are expected to decline.

In contrast, increases of 9 percent above the 1970 areas are predicted for both West Germany and the United Kingdom. In West Germany, the increased area to be assigned to grain is associated with a continuing outflow of labor from the agricultural sector, making grain production increasingly more attractive than labor-intensive activities such as dairying.

The decrease in the West German acres sown in rye probably will proceed at a slower rate than in the past, largely because of the importance of rye in crop rotation.

In the United Kingdom (U.K.), the projected increase in the total grain area results from the stimulus of the relatively high EC prices.

Prof. Uhlmann expects, however, that the increase in U.K. grain areas will be moderated by the physical limits on expansion of arable land, and also by possible expansion of acres sown in rapeseed. He estimates that U.K. grain



Grain silos (left) in the Rotterdam, Netherlands, area. Some grain is exported by Rhine barges; some by coastal ships. Newport News, Va., tug (below) moves grain ship into position for mechanized loading.

In France's fertile Oise Department: Wheat field (top) in the Crépy en Valois area, corn (left) growing near La Chapelle en Serval, and harvesting wheat (above) on a large farm in the Oise.

acreage will rise to about 10 million acres by 1980. In contrast, the 1971 (MSU) study projects 1980 U.K. grain acreage at about 12.3 million acres.

The estimated 4 percent increase in French grain area is due to the continued growth in grain's share of total arable land. But the grain area is likely to decline after 1980, however, owing to probable overall reduction in arable land area.

In Denmark, a gain in grain acreage of about 3 percent assumes a continuation of the trend toward more grain acres at the expense of grassland acres. MSU, on the other hand, estimates a 13 percent decrease in grain area and a resurgence of grass-based cattle production.

The maximum grain area in all EC countries by 1985 is projected by Prof. Uhlmann at about 70.1 million acres—a figure actually about 10 million acres higher than his "most probable" projections. To reach the higher figure, Prof. Uhlmann assumes a continuation of the upward trends in areas sown to grains in the United Kingdom and in Denmark, as well as a much smaller decrease in Italian grain areas.

With respect to individual grains, the Uhlmann projections include a whopping 32 percent increase to 8,263,000 by 1985 for areas planted in corn. ERS estimates an even sharper EC expansion of corn area—nearly 10 million acres in corn by 1980.

The expansion in barley areas is estimated at 8 percent. Wheat areas are expected to decline modestly by about 4 percent. Acreages sown in oats and other grains are expected to drop sharply by about 30 percent.

Total EC grain yields will rise by about 36 percent from 1970 to 1985, in the Uhlmann view. This increase is based primarily on a linear extrapolation of current trends. Most plant breeders expect such steady increases to continue. The projected shift from lower yielding grains (oats, for example) to higher yielding grains (especially corn), also raises average grain yields.

Wheat yields show the greatest increase (45 percent), while oat yields rise by 35 percent and outturns of barley and other grains rise by about 25 percent. As to corn, Prof. Uhlmann assumes that the increases in yield—the result of adoption of the hybrid varieties—will gradually decelerate.

EUROPEAN COMMUNITY: SUPPLY AND DISTRIBUTION OF GRAINS
[In million tons]

Item	1970 [1]	1975	1980	1985
Usable production	89.7	106.4	116.2	123.8
Consumption	106.3	114.2	120.3	125.4
Feed	65.5	72.1	77.7	82.2
Food	28.5	27.9	27.3	26.9
Industry [2]	7.6	9.5	10.6	11.6
Seed and other	4.7	4.7	4.7	4.7
Net trade				
Belgium-Luxembourg	− 2.6	− 3.3	− 3.6	− 4.0
France	+10.3	+16.0	+18.9	+20.5
West Germany	− 5.5	− 3.2	− 2.3	− 1.0
Italy	− 6.6	− 6.0	− 5.9	− 6.3
Netherlands	− 2.9	− 4.0	− 4.7	− 5.4
EC-6	− 7.3	− 0.4	+ 2.4	+ 3.8
United Kingdom	− 8.8	− 7.1	− 6.3	− 5.2
Denmark	− 0.1	+ 0.3	+ 0.4	+ 0.3
Ireland	− 0.4	− 0.5	− 0.6	− 0.6
EC-9	−16.6	− 7.8	− 4.1	− 1.6

[1] Average of 1968-69/1970-71. [2] Brewing, distilling, starch, glucose; and in United Kingdom, breakfast cereals.

Thus, 1985 corn yields are estimated at 92 bushels per acre—only 18 percent above the 1970 figure. (A straightline continuation of the trend would result in corn yields of about 118 bushels per acre.) The ERS corn study estimates 1980 corn yields at about 103 bushels per acre.

Prof. Uhlmann also diverges from straight-line predictions in his evaluation of Italy, which has had rather low grain yields. He assumes that increases in grain yields will be about twice as high as trend analysis would indicate, due in part to the withdrawal of marginal land from production.

The 115-million-ton grain crop predicted for 1985 would be more than 30 million tons above the 1970 levels, but only about 20 million tons above 1973 EC grain production. Prof. Uhlmann's maximum estimate is 134 million tons. But he believes it unlikely that the large increases in U.K. and Danish grain production needed to reach this level will materialize. His projections show a further concentration of EC grain production in France, where an increase of 45 percent above 1970 levels is registered.

Strong increases also are predicted for West Germany (38 percent) and for the United Kingdom (35 percent). The only decrease predicted is for the Netherlands.

On the whole, Prof. Uhlmann's production projections are on the low side when compared with other recent projections. The MSU projections for 1980—120 million tons—are about 3 million tons higher. As noted above, MSU expects a much greater expansion of U.K. grain production. And recent ERS estimates prepared by Anthony S. Rojko project total EC grain output in 1985 at 133 million tons—8 million tons higher than the "most probable" Uhlmann estimate. The ERS estimates assume a continuation of EC policies.

Consumption of grains in 1985 is estimated at 125 million tons. This would be an increase of less than 20 million tons above the 1970 level as compared with the 33-million-ton increase in the 15 preceding years.

This slowing of demand growth would occur primarily in the feed sector. From 1970 to 1985, grain fed to livestock is projected to rise by 16 million tons (25 percent). Between 1955 and 1970, it actually increased by 27 million tons (70 percent). This development can be attributed mostly to a lower rate of growth in EC livestock production and consumption. However, a predicted decline in the amount of grain fed per unit of meat produced also is a significant factor.

This decline is based on a prediction of lower feed conversion ratios that are expected to result from technical improvements in feeding methods and breeding stock, as well as a shift toward greater use of grain substitutes on the part of the new EC members.

For example, feed conversion ratios for both Italy and the United Kingdom are expected to drop from an overall average of 3.8 kilograms of grain per kg. of meat to 3.2 between 1970 and 1980.

However, Prof. Uhlmann does not expect massive shifts from grain to

nongrain feeds such as those that took place in the Netherlands in the 1960's. Rising prices of these grain substitutes, which usually are quite limited in supply, are expected to block changes of such magnitude.

Grain used for industrial purposes is expected to continue increasing at a high rate. By 1985, industrial usage of grain is projected at a figure 50 percent higher than in 1970. The strong response of alcoholic beverage consumption to rising incomes provides the major push in this category. On the other hand, grain for food consumption will continue to decline, although at a slower rate. Human consumption of grain has been declining in all EC countries except Italy.

The Uhlmann estimate of EC grain consumption in 1980 is very close to that projected by MSU. However, current levels of grain consumption suggest that each of these estimates is too low. Estimated grain consumption this year, for example, of 117 million tons already is higher than the Uhlmann estimate for 1975. ERS projections show EC grain consumption in 1985 at 134 million tons, which is 7 million tons higher than the Uhlmann estimate.

The six original EC members are expected to move into a substantial net export position by 1980. France, the only EC member currently in an overall surplus position, should double its net export availabilities from 10 million to 20 million tons. Denmark probably will become a small net exporter. West German and U.K. net imports will decline sharply. In the Benelux countries, net grain imports are likely to increase substantially. In Italy, they probably will remain about the same.

While the several long-term projections for the EC grain market show degrees of variation, all of them point in the direction of a sharp reduction in the net grain import position of the EC. Such a decline clearly has ominous implications for the future development of U.S. agricultural trade with the EC. If any or all of the projections is sound, the time for thoughtful consideration of future EC grain market potentials is now.

All projections, of course, assume a continuation of Community grain position (high support prices and variable levies). A significant change in these policies, as a result of either internal pressures or international negotiations, could alter this outlook substantially.

Due consideration, also, must be accorded the economic vagaries that attend all projections of such elements as supply, demand, and rate of growth. For example: ERS has projected a much greater increase in production than Prof. Uhlmann—134 million tons by 1985. Grain consumption in the EC thus is growing faster than Prof. Uhlmann has estimated. If the ERS figure for consumption should be reached, and if Prof. Uhlmann's 1985 production projection should prove to be accurate, a net import requirement of about 9 million tons of grain would be indicated, which is scarcely the condition of self-sufficiency that he believes will be attained.

All economic projections are subject to change, and the conclusions reached by Prof. Uhlmann, like those of the MSU and ERS studies, may quite possibly be subject to alteration before the target dates are reached.

EUROPEAN COMMUNITY: GRAIN AREA AND PRODUCTION 1960, 1965, AND 1970,[1] AND PROJECTIONS TO 1975, 1980, AND 1985

Country	Item	Unit	1960 [1]	1965 [1]	1970 [1]	Projections 1975	1980	1985
Belgium-Luxembourg	Area	1,000 acres	1,416	1,379	1,265	1,260	1,221	1,181
	Production	1,000 m.t.	1,911	1,889	1,881	1,993	2,016	2,036
France	Area	1,000 acres	22,575	22,822	23,262	24,241	24,401	24,117
	Production	1,000 m.t.	21,824	27,183	33,831	40,767	45,732	49,194
West Germany	Area	1,000 acres	12,165	12,241	12,837	13,541	13,714	13,986
	Production	1,000 m.t.	14,115	15,018	19,058	21,786	23,974	26,345
Italy	Area	1,000 acres	15,797	14,764	13,867	12,615	11,428	10,326
	Production	1,000 m.t.	12,650	13,721	15,265	16,576	17,518	17,663
Netherlands	Area	1,000 acres	1,263	1,176	919	904	808	717
	Production	1,000 m.t.	1,729	1,793	1,491	1,594	1,514	1,414
United Kingdom	Area	1,000 acres	7,497	8,955	9,232	9,753	9,904	10,047
	Production	1,000 m.t.	9,603	13,308	13,941	16,084	17,379	18,754
Denmark	Area	1,000 acres	3,385	3,929	4,282	4,349	4,411	4,411
	Production	1,000 m.t.	4,781	6,129	6,596	7,226	7,650	7,938
Ireland	Area	1,000 acres	1,100	912	927	927	927	927
	Production	1,000 m.t.	1,340	1,139	1,411	1,541	1,667	1,783
EC-6	Area	1,000 acres	53,295	52,370	52,168	52,561	51,572	50,327
	Production	1,000 m.t.	52,228	59,674	71,529	82,716	90,754	96,652
EC-9	Area	1,000 acres	65,276	66,166	66,608	67,589	66,813	65,711
	Yield	1,000 m.t.	67,952	80,250	93,477	107,567	117,450	125,127
	Production	M.t./ha.	1.0	1.2	1.4	1.6	1.8	1.9

[1] Average of 3 years—e.g., 1970 equals the average of 1969 through 1971.

French Fair Is Showcase for U.S. Breeding Cattle, Hogs

U.S. Holsteins were shown in the Paris Agricultural Show for the first time in March. U.S. hogs and insemination services were also represented.

Approximately 2,000 cattle and hogs were displayed at the show, which is held each year in March. It is considered one of the best fairs for exposing breeding stock to French and European buyers. This year's event was held March 3-9.

The Paris Agricultural Show although comparable to most U.S. State Fairs, has more international participation and only breeding animals compete in the showring.

One of the more impressive sections of the exhibition was the French cattle area where 20 different breeds were represented—from the well-known Charolais and Limousin to the almost unknown Aubrac, Bazadaise, and Gasconne. Contrary to the practice at most U.S. State fairs, only four breeds of swine were exhibited—Large White, which represent 80 percent of the hog population in France—Landrace, Pietrain, and Belgian Landrace.

Besides the French cattle, breeds were shown from the other European Community (EC) countries and Spain and Austria. Also displayed were Holsteins from the United States and Canada. The U.S. Holstein-Friesians—which were displayed for the first time by the Holstein-Friesian Association of America, Brattleboro, Vt.—were well received by French and European dairy farmers.

Visitors to the U.S. Holstein-Friesian stand often asked if the production data presented for the animals or their dams were correct. As the animals on display were from dairy farms in France, this question was usually answered by proud owners who had bought U.S. Holsteins. They were often the best salesmen for the U.S. breed. France has imported about 650 U.S. cattle during the past 12 months and prospects for 1974-75 indicate this number will be surpassed.

Competition faced by U.S. breeders in selling Holsteins in France and other European countries is evidenced by the exhibition of this same breed by Dutch, English, Germans, and Danish breeders. The Canadians also presented a type of red-and-white Holstein cow which was of interest to French dairy farmers who breed and milk several other red-and-white breeds—especially Montbeliarde and Pie Rouge des Plaines. The prize for the most milk produced went to a Montbeliarde cow producing 134,000 pounds during nine lactations.

Although France is by far the major producer of milk and dairy products in the Common Market, the French average yield per milk cow is the lowest in the EC—except for Italy and Ireland—

Clockwise from above: U.S. Hampshire boar, imported by a French feed firm for its crossbreeding program, is shown at the Annual International Salon de l'Agriculture in Paris; overall view of U.S. Holstein exhibit; a radio interview with a visitor to the Holstein-Friesian display; U.S. Holstein-Friesian Association Office at the fair prior to its opening. U.S. Holsteins were exhibited in the Show for the first time.

at around 6,600 pounds per year. The average annual production of the French Frisonne cow is between 8,000 and 9,000 pounds.

Of interest to U.S. agriculturalists was a U.S. Hampshire boar in an exhibition promoting a crossbreeding program by a French feed company. This company imported 160 head in 1972. The French firm expects to import more next year.

Nine U.S. Cooperative Artificial Insemination Centers were represented by their European marketing agent. He reported great interest in U.S. semen by French cattle breeders.

Attendance at the Agricultural Show was officially estimated at 864,000, up 4 percent from last year, with 13.6 percent listed as foreigners, mostly English and Germans.

—By James M. Benson
Assistant U.S. Agricultural Attaché
Paris

Canadian Horticultural

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the tariff on prepackaged products might partially offset the difference in material and miscellaneous ingredient cost between lower priced imports and similar Canadian products.

It was also pointed out that the rapid decline in the status of the Canadian stone fruit industry seems to exemplify the problems facing the Canadian industry as a whole. For example, the Canadian processing industry's existence is seriously jeopardized if adequate domestic supplies of fresh fruit for processing are unavailable. And conversely, without such a processing industry, stone fruit growers would be deprived of an invaluable outlet for excess production and the loss of a much needed stabilizing force in the market.

Industry spokesmen pointed out that 30 years ago only about 25 percent of Canada's field crops were processed. Today the figure stands at 50 percent. Canned fruit, specifically canned peaches, typically constitute the largest portion of processor output, but the total range of processed items includes most of Canada's fruits and vegetables.

Low-priced imports—brought into Canada under preferential tariff rates, in accordance with special trade agreements with Australia, South Africa, and New Zealand—were cited as being largely responsible for the drop in Canadian stone fruit production for processing. Encroaching urban sprawl was pointed to as another major problem. Canadian producers believe the revitalization of the stone fruit industry will be an arduous process—one in which adequate tariffs will provide but one means of protection. Failure to support the domestic stone fruit industry will probably result in a serious competitive disadvantage with imported products, and higher Canadian prices, they claim.

Citrus juices were also extensively discussed. Juice reconstitution—as does canning of peaches—comprises a significant portion of a processor's production—without which overall operational economy and efficiency would be drastically reduced. Approximately 73 percent of all citrus juices—excluding lemon—consumed in Canada each year emanates in Florida. In fiscal 1973, U.S. citrus juice exports to Canada were $30 million, compared with $26 million the previous year.

Earlier in 1974, Canadian processors had successfully pressed for an end to the temporary reduction that dropped citrus juice tariffs from 5 percent to zero, and for the creation of a new tariff classification on concentrated juice for remanufacture at a zero duty rate. However, citrus juices for retail sale still carry a 5 percent duty.

The spokesman for the Florida Citrus Commission opposed the new classification—stressing that overall prices for citrus juices have been relatively stable over the years and that experience has proven that import duties on citrus juices affect only prices, not imports. He said that higher material costs and freight rates in the United States provide inherent and substantial price protection for Canadian consumers.

The Consumers' Association of Canada (CAC) stressed that—while some Canadian processing industries may have excessive protection—the first concern of the Board's review should be to maintain efficient production and processing industries in Canada. The second concern, according to CAC, is to make available sufficient quantities of fresh fruit and vegetables to maintain a viable processing industry. The CAC position was that long-term Canadian interests require that producing and processing industries be granted a lower tariff if necessary to maintain their viability.

There was general consensus among the Canadian participants that the special Australian, South African, and New Zealand trade agreements should be eliminated. They also favored eliminating the British Preferential Rate and a reduction of regional divisions. No one objected to adopting the Brussels Tariff Nomenclature (BTN) system, and no strong reaction developed against a suggestion to adopt the variable levy system proposed by the National Farmers' Union. Growers preferred a revision of the present surtax to automatic application. Processors suggested modifying the current surtax and remission of duty programs.

The Canadian Importers' Association (CIA) opposed any upward revisions in the tariff schedule and suggested that the temporary reductions in fruit and vegetables tariffs made in February 1973 be part of the permanent tariff structure. The CIA noted the frequency

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CROPS AND MARKETS

GRAINS, FEEDS, PULSES, AND SEEDS

India's Wheat Crop Reportedly Less Than Government Target

The wheat crop now being harvested in India may be about 30 percent below the Indian Government's 30-million-ton target, and at least 20 percent less than early-season estimates of most private observers, according to latest reports. The shortfall is a result of droughty weather, inadequate supplies of fertilizer, shortages of fuel for irrigation pumps, and the outbreak of rust.

The current Indian food picture appears less favorable than that of last year, even though total grain production is estimated at 6 percent above the 1972-73 drought-stricken crop. First, India's reserves have been largely depleted. Second, India annually needs an additional 2.5 million tons just to keep pace with population growth. Finally, although the wheat crop represents but a quarter of total Indian production, it is the most heavily counted on for use in Government-controlled ration ships. Last year these shops dispensed 13 million tons to the urban poor.

The current situation is unusual because in previous bad years it was a poor monsoon that was held responsible for India's food woes. This time the monsoon was abundant; an excellent rice crop was harvested last autumn, and good moisture conditions prevailed for the sowing of the spring crops. But the usually reliable winter rains did not come, and this, along with the other problems, forced down the yields of wheat, barley, and pulses.

It is not yet clear how these latest crop developments will affect India's grain import needs. Total 1973-74 imports of all grains are now estimated at 4.5 million tons. If India decides it must maintain per capita supplies at current levels during the coming months, some increase in the rate of imports may be necessary.

United Kingdom Cuts Wheat Imports Estimate

The U.K. Ministry of Agriculture has reportedly cut its estimate of wheat imports in 1973-74 by 457,200 metric tons to 3.7 million tons. This compares with 4.5 million tons imported in 1972-73. The Ministry also has lowered its estimate of wheat used for animal feed by 508,000 tons to 3.2 million tons, against 3.9 million tons fed during the previous year.

Philippines Cuts Rice Forecast

The Philippines have revised their 1973-74 rice production forecast from 5.86 million to 5.53 million metric tons (rough basis). This forecast represents only a small increase over the 1970-71 record of 5.34 million tons, despite a Government program increasing credit to rice farmers that intensified fertilizer usage during the wet season.

Because this new estimate will barely cover domestic requirements—with no buildup from last summer's low stock levels—the Philippines may need to import up to 100,000 tons of rice before October, if supplies are available.

West Germany Accepts U.S. Corn for Reserve

On March 14, West Germany's import and storage agency reportedly accepted a tender for 140,000 metric tons of corn for Federal reserve—in addition to some 47,000 tons accepted previously. Of the total, 123,000 tons are expected from the United States and 17,500 from France. The shipments are scheduled for April 1-May 15 delivery.

Higher acceptances than originally anticipated were reportedly because of especially favorable prices, compared with those anticipated when the tender was first discussed.

EC Considers New Food Aid Policy

The European Community is considering a new proposal for food-aid grants for the 3-year period, 1974-75 to 1976-77. The plan stipulates that larger donations be made and that sugar, processed cereals, and egg powder be added to the list of traditional grant foods—wheat, rice, skim milk powder, and butter oil. The proposal is the Community's first to commit the organization to a long-term aid program.

Recommended minimum and maximum annual donations are: Grain, 1.7 million to 2.5 million tons; skim milk, 80,000 to 120,000 tons, and butter oil, 45,000 to 65,000 tons. (All tons are metric.)

Canada To Propose New Food Plans To Boost Production

New proposals are to be introduced to the Canadian Parliament soon to promote increased food production. They include: Interest-free loans for farmers against crops stored on farms; regulation of imports competing with domestic production; guaranteed loans to farmers for buying modernizing equipment; and a Prairie grain market insurance plan.

Also included are advance payments on crops not included under present advance-payment legislation; incentives to increase livestock production to meet needs of domestic and export markets; easier credit to young farmers starting in farming; and improvement in rail transportation of grain.

Ethiopia's Drought Victims Get More U.S. Corn and Sorghum

The U.S. Government is donating an additional 30,000 metric tons of Title II, Public Law 480 grain to drought victims in Ethiopia. This donation is in addition to earlier commitments of 26,550 metric tons of wheat, corn, and sorghum, and 2,000 metric tons of sweetened corn-soya-milk (CSM), a high-protein food blend.

U.S. Government food commitments, totaling almost 59,000 metric tons, have been made available to Ethiopian drought victims since August 1973 in response to requests from the Government of Ethiopia.

About 28,000 metric tons of the U.S. food—wheat, corn, and sorghum—have arrived in the country and are being distributed free of charge to the people in need. The remaining food is enroute or being consigned for shipment from the United States.

The U.S. food—and food from other international donors—is helping to feed some of the estimated 1.9 million people suffering from the drought in northern Ethiopia, particularly in Tigre, Wollo, and upper Shoa Provinces.

Brazil To Up Fertilizer Imports

If available, Brazil expects to import about 1.7 million tons of fertilizer in 1974, about 47 percent above the 1973 level. Combined with domestic production—expected to climb 30 percent higher in 1974 to 600,000 tons—total fertilizer utilization is expected to reach 2.3 million tons.

FECOTRIGO, Brazil's large wheat producers cooperative, has arranged with domestic fertilizer producers to hold prices steady until after July when the last of the new crop wheat will be sown.

Present fertilizer prices are guaranteed at about $305 per ton, some 160 percent above those of early 1973.

Rotterdam Grain Prices and Levies

Current offer prices for imported grain at Rotterdam, the Netherlands, compared with a week earlier and a year ago:

Item	April 9	Change from previous week	A year ago
	Dol. per bu.	*Cents per bu.*	*Dol. per bu.*
Wheat:			
Canadian No. 1 CWRS-13.5	5.42	−24	3.15
USSR SKS-14	(1)	(1)	(1)
Australian FAQ[2]	(1)	(1)	(1)
U.S. No. 2 Dark Northern Spring:			
14 percent	5.20	+11	2.76
15 percent	(1)	(1)	2.85
U.S. No. 2 Hard Winter:			
12 percent	[3] 5.00	0	2.80
No. 3 Hard Amber Durum	6.45	−68	2.91
Argentine	(1)	(1)	(1)
U.S. No. 2 Soft Red Winter	(1)	(1)	(1)
Feedgrains:			
U.S. No. 3 Yellow corn	3.31	−29	2.04
Argentine Plate corn	3.95	+ 5	2.19
U.S. No. 2 sorghum	3.25	−21	2.08
Argentine-Granifero sorghum	3.20	−20	2.06
U.S. No. 3 Feed barley	[3] 3.15	0	1.75
Soybeans:			
U.S. No. 2 Yellow	6.22	−79	6.78
EC import levies:			
Wheat[4]	[5] 0	0	1.55
Corn[6]	[5] 0	0	1.32
Sorghum[6]	[5] 0	0	1.27

[1] Not quoted.. [2] Basis c.i.f. Tilbury, England. [3] As of April 2. [4] Durum has a separate levy. [5] Levies applying in original six EC member countries. Levies in UK, Denmark, and Ireland are adjusted according to transitional arrangements. [6] Italian levies are 19 cents a bushel lower than those of other EC countries.

NOTE: Price basis 30 to 60-day delivery.

COTTON

Japan's Manmade Fiber Prices Show Mixed Trends

In March, yen prices of major manmade fiber filament yarns in Japan receded further from their highs of January 1974. The drop has been from 20-35 percent for rayon, nylon, and polyester filament, but these reduced levels were otherwise the highest in years.

Prices of polyester staple, the major blending fiber, remain unchanged from the January levels, which were the highest since October 1971. Rayon staple prices maintained the highs reached in February. The trend to lower filament prices is attributed to the maintenance of higher levels of production for manmade fibers, other than cellulosics, than was anticipated since the outbreak of the energy shortage.

Production of nylon and polyester filament during January 1974 was at levels above those of a year earlier. Owing to the tight money situation prevailing in Japan, there has also been a reduction of speculation and a decrease in demand by processors. In addition, uncertainty with respect to possible Government control of textile prices in the domestic market is also causing fiber users to reduce their purchases.

The factors affecting the textile economy of Japan are at present in a dynamic state and further sharp price movements for manmade fiber are probably inevitable.

Guatemala Sets Domestic Cotton Deliveries

With the issuance of Resolution No. 9 on February 13, 1974, the Guatemalan Ministry of Economy notified raw cotton exporters they must supply the domestic textile industry with an amount equivalent to 15 percent of their export sales at prices to be fixed by the Ministry. Prices at which one Spanish pound of lint cotton must be sold for internal consumption to the mills reportedly range from 39.5 U.S. cents for Type 1 cotton to 37 cents for Type 5. The Resolution applies only to the 1973-74 harvest.

As outlined in the Resolution, obligations further require that deliveries must total 61,794 bales (480 lb. net).

In an open letter of protest to the Ministry, a cotton grower stated that the new ruling amounted to a gift of $3 million to local spinners who in years past had never consumed more than approximately 42,000 bales per year. According to the grower, the remaining 19,000 bales would be used by the mills to produce yarn for export at high international prices.

U.S. Takes No. 1 Spot As German Cotton Source

In calendar 1973, for the first time in 10 years, the United States was the major supplier of cotton to Germany, according to preliminary statistics from the Bremen Cotton Exchange. Based on arrivals in Bremen and Hamburg, U.S. arrivals in West Germany amounted to about 42,600 metric tons—nearly 194,000 bales. This was 16 percent of total arrivals. Turkey and Brazil, the next two largest suppliers, provided 13.9 percent and 8.8 percent, respectively.

On the basis of forward requirements, it is estimated that the U.S. share of German imports in the 1973-74 cotton season will be about 20 percent—approximately 44,000 metric tons or 202,000 bales.

FATS, OILS, AND OILSEEDS

Peruvian Fishing Resumed April 9

The Peruvian Ministry of Fisheries has announced that anchovy fishing was to have been resumed April 9 with an April quota of 700,000 metric tons, according to the U.S. Agricultural Attaché in Lima. Fishing will continue until the quota is caught. April results will determine whether fishing will continue in May. As in March, fishing in April was being resumed on a 4-day week using only 365 boats, or less than half the fleet.

Pescaperu, the State fishing monopoly, is reportedly pleased with meal yields, said to be as high as 23.8 percent. Exports of fish meal have begun and about 40,000 metric tons are expected to be shipped in April. About one-half of this volume is from anchovies.

Chile's Fishmeal and Oil Outturn, Exports Drop in 1973

A report from Santiago says that 1973 fishmeal production by CORPESCA, a Government organization for developing production, was 56,300 metric tons. Normally this organization produces about 70 percent of Chile's fishmeal. On this basis, Chile's total 1973 outturn would be 80,000 metric tons. This compares with 1972 production of 116,000 tons.

CORPESCA's exports of fishmeal were 26,514 tons in 1973, which would compute to about 38,000 metric tons if the same 70-percent relationship is assumed. In the previous year, Chile's exports were 78,000 tons.

CORPESCA's fishoil production last year is given as 5,275 metric tons, computing to a total Chilean output of 7,536 tons. CORPESCA reported no exports of fishoil in 1973.

Japan's Mixed Feed Industry Raises Soybean Meal Use

In calendar 1973, Japanese mixed feed production rose to 18.1 million metric tons—7.7 percent above the 1972 volume. Despite sharply higher prices, soybean meal usage in Japanese mixed feed amounted to 1.8 million tons, 5.3 percent above the 1972 level. In addition to the soybean meal used in mixed feed, another 100,000-200,000 tons are sold each year to livestock producers for on-farm mixing.

Soybean meal comprised 10 percent of Japan's 1973 mixed feed production in 1973, compared with 10.2 percent in 1972.

Fishmeal consumption in 1973, largely from indigenous production, rose to 584,000 tons, 6.8 percent above the volume of the previous year.

The sharpest gain in mixed feed consumption was for beef, pork, and broiler meat production, while feed consumption for dairy cattle and layers lagged.

This year, Japanese mixed feed consumption is expected to continue to expand, but the growth rate may slacken.

India's Winter Oilseed Prospects

Latest indications are that the 1973-74 prospects for winter oilseeds—rape, mustard, flaxseed and safflower—do not appear to be as promising as forecast earlier. Lack of moisture, the grip of a severe cold wave, combined with a shortage of fertilizers are some of the factors responsible for the expected lower production.

Export prospects for peanuts, castor oil, and various cakes and meal continue to be good. Exports in January were restricted by disturbances in Gujarat, which held up movement of goods to Saurashtra ports, but the tempo was expected to pick up during February. The Government has announced that exports of peanut extractions during calendar 1974 will be allowed up to a certain undisclosed ceiling. Traders report that exports of peanuts (HPS) are enjoying an unprecedented boom at rising prices and estimate that export sales so far this season are about 60,000 metric tons.

Prices continue to rule firm. Peanut oil in Bombay dropped from 8,000 rupees (Rs7.5=US$1) per ton in December 1973 to 7,100 rupees per ton on January 22, 1974. An increase in vanaspati (hydrogenated vegetable oil) prices allowed by the Government on February 1 pushed the peanut oil price to 8,000 rupees per ton, but the price later dropped to 7,850 rupees per metric ton. No further foreign exchange has been allocated by the Government for import of soybean oil or palm oil. Present stocks of these oils, in the pipeline will last until April, or mid-May, when the trade anticipates very serious shortages.

LIVESTOCK AND MEAT PRODUCTS

U.S. Meat Imports Down in 1974

U.S. imports of meats subject to the Meat Import Law (fresh, chilled, and frozen beef, veal, mutton, and goat) totaled 82 million pounds in February 1974, 16 percent below a year earlier. Total imports of meat subject to the Law for January-February were 200 million pounds, 2 percent under 1973 data.

Principal suppliers of U.S. meat imports subject to the Law continue to be Australia, with 103 million pounds; and New Zealand, with 24 million pounds.

Reduced U.K. Beef Sales Cause Australians To Eye U.S. Market

Lack of beef purchases by the United Kingdom, along with the current Japanese suspension of meat imports, may encourage Australian beef producers to increase sales to the U.S. market despite lower prices currently being offered by U.S. buyers of Australian meat.

Several shipping lines report an earlier-than-usual resumption of meat shipments to the United States from the Port of Sydney. Indications are that bookings are currently being made for refrigerated containers for early May departures instead of the more usual late June departures.

EC and United Kingdom Boost Cattle Support Prices

The European Community (EC) Council reached agreement March 23, 1974, on 1974-75 Common Agricultural Policy (CAP) livestock prices. The new orientation price for live cattle and calves, retroactive to March 4, will increase 12 percent and 9 percent, respectively. Pork orientation prices will be boosted 8 percent on December 1, 1974.

In the United Kingdom, the orientation price for cattle will be raised 6.3 percent. Also, the United Kingdom may grant direct subsidies to beef and pork producers from U.K. sources —$90 million to beef producers and $35 million to pig farmers. The United Kingdom will be exempt from EC permanent

intervention measures for beef and veal.

The current EC average market price for all live cattle is now about 87 units of account (u.a.) per 100 kilograms—about 48 cents per pound. The new orientation level is 96.50 u.a. per 100 kilograms, or 53 cents per pound. This change in the orientation price level reduces the reference price (average market price) to 90.8 percent of the support level. At this price level, mandatory intervention is required in all EC countries under current regulations.

TOBACCO

Philippines Raise Flue-cured Support Prices

The Government of the Philippines recently increased support prices on Virginia-type tobacco by approximately 10 U.S. cents per pound. The new support prices range from 20 cents to 34 cents per pound, depending on grade and quality. Auction prices are currently reported to be above the new floor prices and the increase is, therefore, expected to have little effect on sales. Better grades from the 1973 crop reportedly sold for as high as 47 U.S. cents per pound.

The Government also has established a fund, to be administered by the Philippine-Virginia Tobacco Administration (PVTA), to improve some aspects of the industry. Revenue for the fund will come from a 4 percent ad valorem levy paid by the producer, a 2½ percent ad valorem on tobacco purchased at Government trading centers, and a matching 2½ percent from PVTA funds.

Tax Hike Cuts German Cigarette Sales

Preliminary reports indicate that domestic sales of cigarettes by the German tobacco industry decreased one-half of 1 percent during 1973. The decrease in tobacco usage is attributed to a sharp jump in the tobacco excise tax in 1972 that boosted retail prices by 20 percent. The annual average growth rate of cigarette sales prior to 1972 was 5 percent. Cigarette sales began to stagnate in 1972.

German cigarette exports to the Netherlands increased 228 percent to 688 million pieces in 1972 and topped 1 billion in 1973. Some sources indicate that many of these cigarettes returned to Germany as unofficial, hence untaxed, imports.

FRUIT, NUTS, AND VEGETABLES

Australia's 1974 Raisin Crop Estimate

Current reports indicate a moderate Australian raisin crop. Production was slightly damaged by mid-February rains and the 1974 pack is estimated at 70,000 short tons of sultanas, 7,700 tons of lexias, and 6,600 tons of currants.

In 1973, production was seriously damaged by rains and totaled only 49,000, 5,700, and 5,900 short tons, respectively.

Mexican Strawberry Exports To United States Rise in 1974

Estimated 1974 Mexican strawberry production is placed at 242 million pounds, representing a 10 percent increase over that of 1973. Higher yields, due to favorable weather conditions, particularly in the Guanajuato area, are cited as the major factors contributing to the rise.

About half of Mexico's strawberry crop is exported in frozen form. Total frozen strawberry exports are expected to reach 121 million pounds in 1974, with the United States accounting for 115 million pounds, compared with 106 million pounds in 1973.

Shipments of fresh Mexican strawberries in 1974 are projected at 45 million pounds, compared with 36 million pounds the previous year.

Argentina Reports Larger 1974 Canned Fruit Pack

Ideal weather conditions contributed to a larger 1974 Argentine canned deciduous fruit pack. Production is estimated at 2.8 million cases (45 lb.), 4.8 times the 1973 pack of 600,000 cases. Production of canned peaches is estimated at 1.8 million cases; mixed fruits, 600,000 cases; pears, 300,000 cases; and other items, 50,000 cases.

Argentina is expected to resume substantial exports of canned peaches after a year of negligible sales resulting from the extremely limited supplies.

Iranian Apricot Crop Up, But Date Output Drops

Current reports indicate Iran's 1973 dried apricot production totaled 13,000 short tons and date production 314,000 tons. High prices and a strong demand in international markets reportedly encouraged apricot producers to use better cultural practices, while frost in the date areas adversely affected date production.

Crop levels in 1972 totaled 11,000 tons of apricots and 331,000 tons of dates.

The USSR and the East European countries are the principal buyers of Iranian apricots. Somaliland, the United States, and the United Kihgdom were the leading buyers of Iranian dates during 1972-73.

SUGAR AND TROPICAL PRODUCTS

Cocoa Prices Hit Record Highs

Cocoa bean prices are currently at record high levels. New York spot "Accra" prices as of April 2, 1974, were recorded at $1.09 per pound, up from a-year-ago levels of 49.5 cents. As recently as July 1965, spot prices were as low as 11 cents per pound.

A combination of several factors has caused the recent

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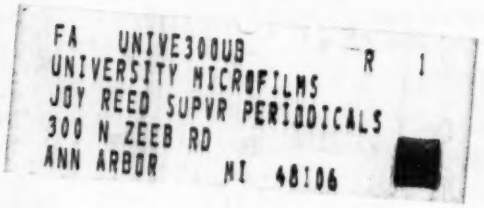

sharp rise in prices. Strong world demand for cocoa in recent years and somewhat disappointing crops in West Africa have resulted in a substantial stock drawdown. World stocks are currently at very low levels—slightly more than a 2-month supply, compared with more than a 7-month supply in 1965, when prices were low. At present there is a strong demand for nearby deliveries of cocoa, and the USSR has been buying heavily. In addition, there has been unusually strong speculative market activity, as traders have increased their purchase of commodities because of monetary and inflation uncertainties.

World cocoa bean production for 1973-74 is expected to approximate 1.45 million metric tons, up about 4.6 percent over the 1972-73 harvest of 1.39 million. World grindings in 1972 were a record 1.56 million tons, and 1973 grindings were slightly lower. Tight supplies and high prices will likely lower consumption in 1974.

Dahomey To Build New Sugar Complex

The Dahomean Government approved a draft contract on March 6, 1974, for the building of a $67-million sugar project in Dahomey. The project is to include construction of a 30,000-ton annual-capacity refinery and the development of an 8,250 acre sugarcane plantation. Dahomey is on the West Coast of Africa and lies just west of Nigeria.

Dahomey is at present an importer of refined sugar. In the past few years, these imports have averaged about 10,000 metric tons valued at around $2 million. Major sources of Dahomey's sugar imports are France, Madagascar, and Belgium. The construction of a new refinery and the development of domestic sugarcane supplies would obviate these imports and allow for increased consumption and possibly some exports.

GENERAL

ILA Details Contract Demands

At the initial session, March 27, 1974, between officials of the International Longshoremen's Association (ILA) and officials of the Council of North Atlantic Shipping Associations (CONASA), representing maritime management interests on the U.S. east and gulf coasts, ILA President Thomas W. Gleason outlined an array of pay and benefit increases which his union will demand in a new work contract. The current agreement expires on September 30, 1974.

Mr. Gleason and his negotiators are demanding an increase in the hourly pay rate from $5.95 to $8; pay for the last 2 hours of an 8-hour day at time-and-a-half or $12 per hour; a 50-cents-per-hour increase in employer contributions to the union pension fund, and 50 cents per hour more for the welfare fund. The union also wants a 1-year contract, versus the usual 3-year agreement.

The union also wants the right to "strip" all marine containers within the union's area of jurisdiction rather than just those in which the cargo has not been warehoused for 30 days or more. The union also demands jurisdiction over loading and unloading of all LASH barges.

Mr. Gleason has stated publicly that he and his union are determined to negotiate the new contract without resorting to a strike. However, for more than 25 years ILA contracts have been worked out only after extended strikes.

Canadian Horticultural

Continued from page 11

with which studies of the Canadian tariff structure relating to fruits and vegetables had been made since World War II. It also stressed that present mechanisms for grower protection and compensation are adequate.

The CIA said it favors deficiency payments to Canadian producers in lieu of higher tariffs, noting that deficiency payments would not "saddle the processor and consumer with higher costs." The Board was also reminded that 66 of the 112 items under review conform to rates of the General Agreement on Tariffs and Trade (GATT). Tariff changes, it was pointed out, would consequently necessitate renegotiations of GATT terms and create "international complexities."

The Canadian horticultural industry vigorously stressed the perils of increasing dependence on foreign suppliers in view of spiraling transportation costs, fuel uncertainties, and sporadic world shortages. The long-run benefits of maintaining a viable domestic horticultural industry, proponents of tariff revisions contended, compensate for higher consumer costs.

Correction: Prices in "Reduction in Indonesian Flour Production Expected," page 15, March 4, 1974, should have read "about US$175 per ton" and "US$23 per bag (22.68 kg)."

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